

TAMILNADU PUBLIC SERVICE COMMISSION
HALF YEARLY EXAMINATIONS AND LANGUAGE TESTS –
OCTOBER - 2023

FINANCIAL MANAGEMENT
(FOR ASSISTANT /DEPUTY COLLECTORS)
(WITHOUT BOOKS)

Time : 1½ Hours

Maximum Marks : 50

Answer ALL questions.

Each question carries one mark.

(50 × 1 = 50)

1. A person who is responsible in a significant way to carryout the finance functions
(A) treasurer (B) controller
(C) finance manager (D) cashier
2. Financial Management is mainly concerned with
(A) arrangement of funds
(B) efficient management of business
(C) all aspects of acquiring and utilising financial resources
(D) utilisation of finance
3. Basic objective of Financial Management is maximisation of
(A) profits (B) wealth of shareholder
(C) sales (D) cash
4. Profit maximisation is concerned with maximisation of
(A) NPV (B) EPS
(C) EBIT (D) Profit

[Turn over

5. Time value of money means
- (A) money valued in time
 - (B) time taken to give money
 - (C) current money value
 - (D) the value of a unit of money is different in different time period
6. A fund created by appropriating a fixed sum of money to meet certain future liabilities is called
- (A) sinking fund
 - (B) present value
 - (C) annuity
 - (D) insurance
7. When the cash flows occur at the beginning of each period the annuity is called
- (A) immediate contingent
 - (B) annuity due
 - (C) immediate annuity
 - (D) annuity certain
8. Annuity is a series of periodic cash flows of
- (A) equal amount
 - (B) different amount
 - (C) interest
 - (D) principal
9. Essentials of a sound financial plan is
- (A) flexibility
 - (B) economy
 - (C) liquidity
 - (D) all of the above
10. _____ capital is generally used to acquire the furniture and machinery.
- (A) fixed capital
 - (B) working capital
 - (C) equity capital
 - (D) trading capital
11. _____ capital is that part of capital which is invested in stock of raw materials.
- (A) fixed capital
 - (B) working capital
 - (C) trading capital
 - (D) equity capital

12. _____ planning refers to the planning function related to financial requirements of a firm.
- (A) operational planning (B) strategic planning
(C) financial planning (D) tactical planning
13. Preference shares have a preferential right as to
- (A) dividend and repayment of capital in the event of winding up
(B) dividend
(C) repayment of capital
(D) no right
14. Financial institutions have been playing an important role in promoting industrial development by providing
- (A) overdraft (B) term loan
(C) cash credit (D) bills discount
15. Early stage financing is a method of
- (A) seed capital (B) expansion finance
(C) working capital (D) additional capital
16. Treasury bills are
- (A) highly liquid (B) not liquid
(C) promissory note (D) bill of exchange
17. Financial statements provide a summary of
- (A) assets (B) accounts
(C) liabilities (D) none of these
18. Low turnover of stock ratio indicates
- (A) solvency position (B) monopoly situation
(C) over investment in inventory (D) none of these

19. Market price per share divided by earnings per share is
- (A) price-earning ratio (B) book value per share
(C) return on equity (D) earning per share
20. State which of the following will affect the flow of fund?
- (A) a transaction affecting current and non-current accounts
(B) a transaction affecting both non-current accounts
(C) a transaction affecting both current accounts
(D) both (B) and (C)
21. Purchase of Fixed Asset by issue of share is
- (A) source of funds
(B) application of funds
(C) an item to be ignored in fund flow analysis
(D) none of these
22. The Cash Flow Statement classifies cash flow from
- (A) operating activities (B) investing activities
(C) financial activities (D) all of the above
23. Cash from operations is equal to
- (A) net profit plus decrease in current liabilities
(B) net profit plus decrease in current assets
(C) net profit plus increase in fixed assets
(D) none of the above
24. One of the most important tools of cost planning is
- (A) direct cost (B) unit cost
(C) budget (D) cost sheet

25. The method of project evaluation that considers the time value of money is
- (A) discounted cash flow
 - (B) annual return on average investment
 - (C) annual return on original investment
 - (D) pay-back period
26. Cost of capital comprises both business risk and
- (A) marketing risk
 - (B) operating risk
 - (C) market risk
 - (D) financial risk
27. The cost which has already be incurred for financing a project is known as
- (A) specific cost
 - (B) historical cost
 - (C) future cost
 - (D) average cost
28. The average of all the costs of each sources of funds employed by the firm is known as
- (A) average cost of production
 - (B) average cost
 - (C) average cost of capital
 - (D) average cost of sale
29. According to MM approach, the dividend decision and retained earnings decision do not influence the
- (A) Book value
 - (B) Market value
 - (C) EPS
 - (D) Face value
30. Once a dividend is declared it should be paid with
- (A) 24 days
 - (B) 7 days
 - (C) 42 days
 - (D) 30 days
31. Optimum dividend pay-out ratio in case of firm having $r > k$ is
- (A) 0%
 - (B) 50%
 - (C) 75%
 - (D) 100%

32. Operating leverage depicts the firm's ability to use fixed operating cost to magnify the effect of change in sales on
- (A) its earnings before interest and taxes
 - (B) the earnings after interest and taxes
 - (C) the creditors
 - (D) profit before taxes
33. Combined leverage is a combination of composite
- (A) various cost
 - (B) financial leverage and EPS
 - (C) financial and operating leverage
 - (D) total fixed cost
34. The indifference point is the point at which
- (A) EBIT does not change
 - (B) EPS is the same for two different financial plan
 - (C) EPS is same for all financial plans
 - (D) EBIT differs
35. Working capital management is concerned with the problems that arises in attempting to manage
- (A) Current assets and fixed liabilities
 - (B) Fixed assets and fixed liabilities
 - (C) Assets and liabilities
 - (D) Current assets, current liabilities and interrelationship between them
36. The minimum amount of current assets needed to conduct a business even during the dullest season of that year is known as
- (A) net working capital
 - (B) fixed working capital
 - (C) variable working capital
 - (D) seasonal working capital
37. Holding cash to meet the expenditure for the smooth conduct of business is called
- (A) compensating motive
 - (B) speculative motive
 - (C) precautionary motive
 - (D) transaction motive

38. Optimum cash balance is one where the
- (A) conversion cost and interest cost will be minimum
 - (B) carrying cost and storage cost will be minimum
 - (C) conversion cost will be minimum
 - (D) interest cost will be minimum
39. The objective of receivable management is to promote
- (A) Management
 - (B) Staff
 - (C) Sales and Profit
 - (D) Cost
40. Management of receivables involves balancing the
- (A) credit period
 - (B) collection cost and cost of investment
 - (C) the carrying of receivables and the loss of sales due to a tight credit policy
 - (D) credit sales and receivable
41. Economic Order Quantity is the point at which both
- (A) inventory carrying cost and ordering cost are maximum
 - (B) inventory carrying cost and ordering cost are zero
 - (C) inventory carrying cost is minimum
 - (D) inventory carrying cost and ordering cost are minimum
42. The level at which the management should make an order to purchase
- (A) Minimum level
 - (B) Re-order level
 - (C) Maximum level
 - (D) Danger level
43. The component of a capital market is
- (A) treasury bill market
 - (B) government securities market
 - (C) commercial bill market
 - (D) (A) and (B) together

44. Government Bond is a
- (A) Short-term security
 - (B) Long-term security
 - (C) Medium term security
 - (D) Either short-term or long term security
45. The market for short-term loans is known as
- (A) call money market
 - (B) treasury bill market
 - (C) money market
 - (D) acceptance market
46. The major player in the Indian Money Market is
- (A) Co-operative banks
 - (B) Indigenous banks
 - (C) Reserve Bank of India
 - (D) Commercial banks
47. The stock exchange is a market for
- (A) old securities
 - (B) new securities
 - (C) both old and new securities
 - (D) all of the above
48. Rights shares are offered to _____ shareholders.
- (A) existing shareholders only
 - (B) new shareholders only
 - (C) neither existing shareholders nor new shareholders
 - (D) either existing shareholders or new shareholders
49. An order for the purchase of securities at a fixed price is known as
- (A) open order
 - (B) limit order
 - (C) discretionary order
 - (D) stop loss order
50. Under depository system, the allotment and credit of shares to the beneficiary amount should be completed within how many days from the date of closure of a issue?
- (A) 15 days
 - (B) 7 days
 - (C) 21 days
 - (D) 30 days